

**Illinois Department of Revenue
Regulations**

Title 86 Part 130 Section 130.2009 Personal Property Purchased Through Certain Fundraising Events for the Benefit of Certain Schools

TITLE 86: REVENUE

**PART 130
RETAILERS' OCCUPATION TAX**

Section 130.2009 Personal Property Purchased Through Certain Fundraising Events for the Benefit of Certain Schools

- a) *Beginning January 1, 2000, the Retailers' Occupation Tax does not apply to the sale of personal property, including food, purchased through fundraising events for the benefit of a public or private elementary or secondary school, a group of those schools, or one or more school districts if the events are sponsored by an entity recognized by the school district that consists primarily of volunteers and includes parents and teachers of the school children. This subsection (a) does not apply to fundraising events:*
 - 1) *for the benefit of private home instruction; or*
 - 2) *for which the fundraising entity purchases the personal property sold at the events from another individual or entity that sold the property for the purpose of resale by the fundraising entity and that profits from the sale to the fundraising entity (Section 2-5 of the Act). The following requirements must be met for the exemption to apply:*
 - A) The fundraising event must be for the benefit of the school. If the event benefits others, the exemption does not apply. For example, if a parent-teacher association sells clothes donated to it by parents and gives a portion of the sales proceeds back to the donors, the exemption does not apply because the sale benefits the donors. However, if the parent-teacher association sells donated clothes and the entire proceeds benefit the school, the exemption applies; and
 - B) The fundraising event must be sponsored by an entity "recognized" by the school district or districts. A school district must grant approval to the entity, in the form of a written certification, to sell tangible personal property for the purpose of benefiting the school, schools, school district, or school districts. In the case of fundraising events benefiting a private school that is not part of a school district, the private school must grant approval to the entity, in the form of a written certification, to sell tangible personal property for the purpose of benefiting the school; and
 - C) The entity sponsoring the fundraising event must be comprised primarily of volunteers, including parents and teachers of the school children.
- b) The exemption does not apply to situations in which the fundraising group purchases

items that it will in turn sell from a supplier who sells the items to the fundraising group for the purpose of resale and profits from the sale to the fundraising group. For example, the exemption does not apply to a fundraising group that purchases complete, ready-to-sell items, such as greeting cards, wrapping paper, holiday ornaments, candy bars, and frozen pizzas, for resale from a supplier who profits from the sale to the fundraising group. However, the exemption applies when a parent-teacher association purchases items that it will use in making a meal for a spaghetti dinner fundraiser (e.g., spaghetti sauce, meatballs, bread, and soft drinks) from a supermarket. In this case, the items purchased by the parent-teacher association are not complete and ready-to-sell items. Rather, the parent-teacher association must prepare the items for the fundraising event. The parent-teacher association may use its exemption identification number ("E" number) to purchase the food items tax-free at the supermarket (however, if the fundraising group does not have an "E" number, it would be required to pay tax to the supermarket). The proceeds from the spaghetti dinner would be exempt from Retailers' Occupation Tax.

- c) A fundraising group may engage in tax-free selling under this Section only when it sells items that it has prepared or that are donated to it. By way of illustration, these types of sales include the following:
 - 1) Bake sales or bazaars selling items that are prepared by or donated to the fundraising group; or
 - 2) Sales of donated clothes or other items by a fundraising group, provided that the funds go solely to benefit the school; or
 - 3) Spaghetti dinner events selling food that is prepared by a parent-teacher association.
- d) By way of illustration, the following types of selling are not exempt:
 - 1) A parent-teacher association's sale of wrapping paper, holiday goods, and ready-to-sell food products (such as candy bars, nuts, or frozen pizzas) that are purchased from a supplier for purposes of resale, where the supplier makes a profit from the sale to the parent-teacher association. Such items fall outside the restriction that the items be prepared by or donated to the parent-teacher association.
 - 2) Sales of class rings by a parent-teacher association. These items are not prepared by or donated to the parent-teacher association. Such rings have been purchased from a supplier for resale, and the supplier has made a profit from the sale to the parent-teacher association.
 - 3) If a parent-teacher association contracts with a caterer for a fundraising dinner, sales of the dinner cannot be made tax-free. Again, the parent-teacher association has purchased ready-made items from a caterer for purposes of resale, and the caterer has profited from the sale.

(Source: Added at 24 Ill. Reg. 15104, effective October 2, 2000)